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ABSTRACT

This paper discusses fund raising in America's community colleges. During 1997, approximately 1,755 two-year colleges in the United States enrolled more than 5.4 million first-time college freshmen, or 46% of the total students in higher education. However, these colleges received only five percent of the private financial support given to American higher education during the 1999-2000 school year. This paper purports the conclusion that community colleges fall behind in their fund-raising efforts because of: (1) image and identity problems; (2) lack of constituencies and connections; and (3) unsophisticated fund-raising programs. However, many successful fund-raising strategies can be employed by these two-year institutions, two of which include: (1) creating a foundation that is approved under Section 501 (a) (3) of the Internal Revenue Code, as a recipient of tax-deductible contributions; and (2) developing corporate partnerships and providing jobs skills training to personnel. In addition, this paper presents more general recommendations: (1) community colleges must overcome the misconception that they are adequately funded by state and county governments; (2) foundations should initiate planned giving programs to attract private donations from the wealthy elderly--bequests in wills and life estates should be pursued; and (3) colleges should solicit alumni with new and creative approaches. (EMH)

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Running head: EMERGING FUND RAISING ISSUES

Emerging Issues and Critical Trends Affecting Fund Raising by Community Colleges

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Abstract

Community college presidents, administrators, and faculty indicate that fund raising is increasingly important to their institutions. The purpose of this study is to identify emerging issues and critical trends effecting community college fund raising. This study focuses on the historical development of fund raising, its growth and development, the building of community college and industry partnerships, characteristics of a successful fund raising campaign, recent fund raising results, and several recommendations and implications of fund raising in community colleges.

Emerging Issues and Critical Trends Affecting Fund Raising by Community Colleges

Current research indicates that philanthropic support has become critically important to colleges, universities, and community colleges in the United States. Decreased financial support in recent years from federal and state agencies, along with acute competition for resources by charitable and civic organizations, hospitals, medical research, churches, etc., has launched fund raising into the spotlight as an essential resource for community college operating capital. Virtually every institution of higher education, private or public, from major research universities to rural community colleges, are now involved in some aspect of fund raising. The purpose of this study is to investigate:

1. The historical background of fund raising in America.
2. The professionalization of fund raising and its changing role.
3. The building of partnerships between community colleges and industry.
4. The characteristics of a successful fund raising campaign.
5. Statistics revealing the most recent fund raising results in higher education
6. Recommendations and implications of fund raising in community colleges.

An Historical Overview

Worth (1993) has conducted substantial research on the subject of fund raising and reveals the following:

> In 1641, William Hibbens, Hugh Peters, and Thomas Weld set sail from Boston to London on a mission to solicit gifts for a young American college. Their stated purpose was to raise money enabling the college to "educate the heathen Indian," a cause apparently viewed as worthy by wealthy British citizens of the time. Only Hibbens returned to America, a year later, with 500 pounds to

> support the struggling institution --- Harvard College. This adventure is regarded as the first organized fund raising activity undertaken for an American college. In 1829, a Philadelphia fund raiser, Matthew Carey, introduced the ideas of rated prospect lists and advance promotion of the fund raising appeal, concepts now considered elements of modern fund raising (pp. 18-20).

The Professionalization of Fund Raising: The Changing Environment

The first professional approach to fund raising emerged during the 20th century as an identifiable field within higher education administration, with its own specialized body of knowledge, standards, training programs, and career patterns. The expansion of the office of development began in the late 1940s and early 1950s, marked by the evolution of: (# 1): The increasing professionalization of the field and the expanding role of the development officer within the institution. The development officer, in the roll of fundraiser, has risen to the most senior ranks of college and university administration, with a significant role in the overall management of the institution. (# 2): The proliferation of formal development programs at more and different types of institutions (e.g., state universities and community colleges); and (# 3): Ever increasing fund raising goals of institutions. Fund raising in the United States is rapidly changing as competition continues to increase for private gifts among all nonprofit organizations. Since 1990, and fund raising has become a multimillion dollar business venture in nonprofit sectors.

According to research by Duronio and Loessin (1991):

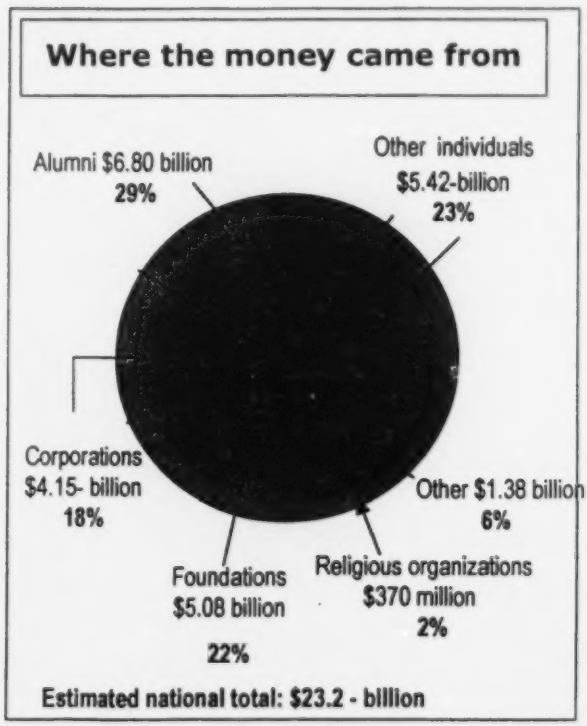
> Fund raising in the United States entered the 1990s as an enterprise generating more than $ 114 billion in 1989, an increase of more than 100 percent over the $ 49 billion generated in 1980. Colleges and universities received almost $ 9 billion in private gifts in 1989, an increase of

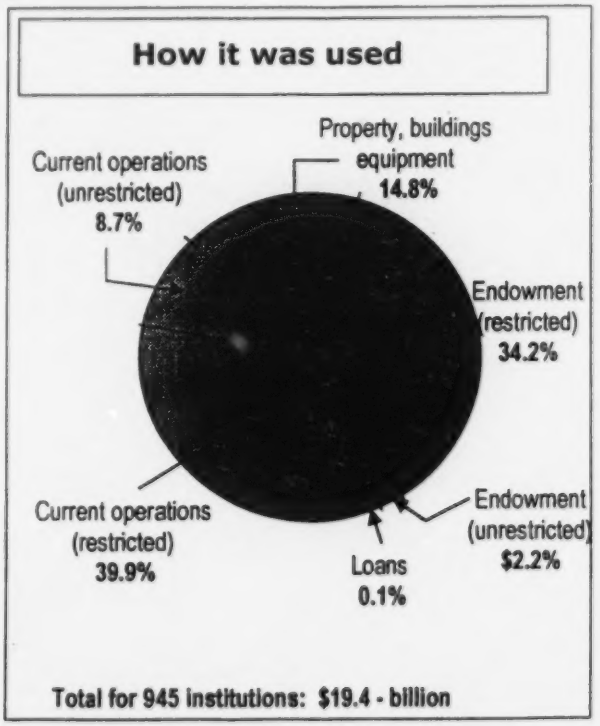
> almost 9 percent over the previous year. On the surface, it appears that education overall continues to fare well in the heightened competition for funds (pp. 2-3).

Perhaps there is even more reason for optimism in higher education based on a recent *Chronicle of Higher Education* article (May 4, 2001, pp. 28-30) with headlines that stated, "College Fund Raising Reached Record $ 23.2 Billion in 1999-2000." This current and informative article went on to say:

> American colleges and universities set yet another fund raising record during the 1999-2000 academic year, amassing an estimated $ 23.2 billion, a one-year increase of 13.7 percent. The gains mark a fifth consecutive year of double-digit percentage increases in private giving to higher education (p. A28).

The following graphs depict "Where the money came from" and "How it was used", as illustrated in the same *Chronicle of Higher Education* article (May 4, 2001, p. A28):





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Two-year community college institutions, however, experienced a decrease in funds raised by an average of 8 percent per institution, or $ 1.4 million from $ 1.5 million the previous year; $ 117 million was raised during the 1999-2000 season. According to the *Chronicle of Higher Education (May 4, 2001)*, Norma G. Kent, director of communications for the American Association of Community Colleges, suggested that the survey's results, based on data supplied by 83 two-year institutions, may not accurately reflect the fund raising gains made by 1,151 community colleges. "I think you'll see those numbers look more robust in years to come," she said, noting that two-year institutions face stiff competition from for-profit colleges and on-line providers. "Community colleges are finding themselves having to look for other resources", Ms. Kent said (p. A28).

Fund Raising In Community Colleges

During 1997 approximately 1,755 two-year colleges in the U. S. enrolled over 5.4 million first-time college freshman or 46 percent of the total students in higher education, according to the National Center for Education (1998). However, these colleges received only 5 percent of the private financial support given to American higher education during the 1999-2000 school year: $ 117 million out of $ 23.2 billion. Why do two-year colleges find their fund raising results lagging substantially behind four-year colleges, while educating approximately 50 percent of the student population? Smith (1989) concludes from her research that community colleges fall behind in their fund raising efforts because:

1. Image and identity: Business, professional, and community leaders might be primarily alumni of four-year colleges and universities, who may not have developed an appreciation of the quality or value of community college programs. Nor do they have professional schools such as medicine, law, and engineering, or Nobel-winning faculty members who keep the institution's name in the headlines.

2. Constituencies and connections: Development programs at most four-year institutions rely on the continuing loyalties of older and financially successful

alumni. Alumni often form strong bonds based on memories of dormitory life, sororities or fraternities, and football weekends.

3. Organizing and investing: Because private fund raising is a relatively recent development on two-year campuses, programs are generally newer, smaller, and sometimes less sophisticated than at the more experienced senior institutions. Token commitments to development may take the form of a part-time assignment or a "one-person shop".

Fund Raising Strategies for Community Colleges

There are many successful fund raising strategies utilized by higher education institutions. However, in this study, only two proven approaches will be presented; tailored to community colleges:

1. Building a Foundation: A community college can create a foundation, incorporated and approved under Section 501 (a)(3) of the Internal Revenue Code, as a recipient of tax-deductible contributions. By creating a foundation, a community college can provide tax-free gift giving incentives and, at the same time, build a new "Team" of leaders from within the community to lend creditability to the efforts. A foundation offers several advantages including: (a) a vehicle for donors to contribute cash, property, and other assets on a tax-free basis; (b) an opportunity to create a tax-deferred will, or living trust, leaving money to the college at the time of their death to minimize estate taxes; and (c) an occasion to involve corporate leaders, influential community members, and donors in the community college. Members of the foundation's board would be active in supporting the goals of the college in civic organizations, professional associations, and corporate headquarters. The college commits facilities, staff and equipment to insure that the foundation's business is conducted professionally and promptly.

2. Developing corporate partnerships: The basic mission of community colleges is to meet the local educational needs within the community. In providing teaching, training personnel, and facilities to meet the needs of local businesses, government agencies, and

industry, all participants can benefit. Companies and agencies can provide funds, increase visibility, and create a positive image for the college. Capitalizing on their local presence and reputation for quality, community colleges can often negotiate cooperative efforts that benefit both parties. For example, the Collin County Community College District (CCCCD) in Plano, Texas, is an excellent example of how best to structure viable partnerships in the community such as those illustrated in recent news releases on their web site (www.ccccd.edu):

> CCCCD participates in $ 2.8 million grant for high-tech training, awarded by the U. S. Department of Labor.....The Texas Workforce Commission awarded CCCCD an $ 887,146 workforce skills development grant.....Cisco designates CCCCD as one of only six colleges to become a Cisco Certified Training Center in the United States, serving the eight-state Southwest region.....NETWORKS program receives the 2000 Progress in Equity Award by the American Association University Women Legal Advocacy Fund Board and a grant in the amount of $ 62,670 by the Texas higher Education Coordinating Board.....CCCCD has attained the status of an Authorized Academic Training Provider with Microsoft.

In short, all parties benefit from such arrangements: the corporations and government agencies gain a stable supply of trained technicians, students learn marketable skills, and the college enjoys an expansion of its curriculum, increased revenues, potential long-term donors, increased creditability, and access to executive talent and knowledge.

Conclusions and Implications

New research indicates that leadership, image, and the role of the development officer are critical issues involved in community college fund raising. Jackson and Glass (2000) offer recommendations for successful fund raising by community colleges:

1. Community colleges need to forge financial partnerships with local businesses and industries to attract greater private financial support.

2. Strong leadership is required, and specific roles of the president, trustees, and foundation directors in raising private funds is essential.

3. Community colleges must overcome the misconception that they are adequately funded by state and county governments.

4. The role of the development officer and the position that individual occupies within the institution critically affects fund raising success.

5. Foundations should initiate planned giving programs to attract private donations from the wealthy elderly; bequests in wills and life estates should be pursued.

6. Solicitation of alumni, using new and creative approaches (pp.740-741).

The *Chronicle of Higher Education* (2001) recently addressed the question, "How To Reach the New Donors"? The article determined the differences between the traditional donor and the new philanthropist:

I. The traditional donor wants to leave a legacy. The new donor often wants to change the world, and wants to do it now.

II. The traditional donor invests in established institutions. The new donor may have a suspicion of established institutions.

III. The traditional donor expects a gift to lead to a predictable outcome. The new donor may be more willing to embrace nascent or risky ideas.

and, finally,

IV. Traditional donors take on volunteer leadership roles defined by the institution. New donors may expect to contribute not only financial resources but also their expertise (pp. B13-B14).

While new donors now offer significant challenges versus the old ways, they also offer tremendous opportunities. Community college presidents, development officers, trustees, and foundation members will continue to explore what motivates new donors, with a better understanding of their unique characteristics, and the extent of their desires to participate in the affairs of the college. They must be made partners in the efforts to improve and strengthen our institutions, taking advantage of this opportunity to learn from their experiences, while utilizing the talents and economic resources of the 21st century donor.

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